

## Message Text

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PAGE 01 PANAMA 01385 011447Z  
ACTION ARA-07

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TO SECSTATE WASHDC 871

C O N F I D E N T I A L PANAMA 1385

STADIS////////////////////////////////

LIMDIS

E.O. 11652: GDS  
TAGS: PFOR, PN  
SUBJECT: TREATY NEGOTIATIONS

1. THIS IS THE EMBASSY'S ANALYSIS OF THE NEGOTIATING CLIMATE IN PANAMA AND THE OUTLOOK FOR PANAMANIAN NEGOTIATING POLICY IN THE IMMEDIATE FUTURE.

2. THE PUBLIC SIGNALS FROM HERE ARE NOT VERY ENCOURAGING. THE SKEPTICAL LINE LAID DOWN BY TORRIJOS AT FELIPILLO (PANAMA 544) IS STILL THE OFFICIAL LINE OF THE CONTROLLED PRESS, AS WELL AS WELL-PLACED GOVERNMENT OFFICIALS.

3. THE SACKING OF BOYD ELIMINATED THE LAST INDEPENDENT SPIRIT ON THE NEGOTIATING TEAM. TORRIJOS IS NOW CALLING THE SHOTS IN A MUCH MORE IMMEDIATE SENSE THAN IN THE PAST. THOUGH HE WILL PROBABLY ALLOW HIS NEGOTIATORS MORE FLEXIBILITY IN FUTURE SESSIONS, WE BELIEVE HE WILL BE THE CRUCIAL DECISION-MAKER FROM NOW ON. THIS IS BAD. IN THE BEST OF CIRCUMSTANCES, TORRIJOS CAN BE UNPREDICTABLE. UNDER PRESSURE, HIS ERRATICISM ONLY BECOMES MORE PRONOUNCED. AND DOMESTIC-PRINCIPALLY ECONOMIC--PRESSURES ON HIM ARE CONTINUING THEIR STEADY INCREASE.

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4. WHY DID TORRIJOS PULL THE REINS JUST AS THE AMERICAN TEAM SEEMED READY TO MAKE A BIG PUSH TOWARD A TREATY?

5. FOR ONE THING, HE IS GENUINELY SUSPICIOUS OF US. HE IS AFRAID THERE MAY BE ALL SORTS OF JOKERS HIDDEN IN THE DECK WE ARE PUSHING TOWARD HIM. HE IS ESPECIALLY WARY OF THE PROBLEM OF POST-TREATY RIGHTS. OUR PROPOSALS ON DEFENSE IN THE NEXT

CENTURY AND "GUARANTEEING" NEUTRALITY -- PARTICULARLY IN THE ABSENCE OF A FIXED TERMINATION DATE -- SOUND TO TORRIJOS LIKE A LICENSE FOR THE U.S. TO INTERVENE INDEFINITELY IN PANAMA. TORRIJOS FEARS THAT SUCH A LICENSE IS ONE THING HE CANNOT GIVE WITHOUT HANDING A LETHAL WEAPON TO HIS OPPONENTS.

6. TO SOME EXTENT, TORRIJOS' TOUGHNESS IN THE NEGOTIATIONS SEEMS TO BE TACTICAL. THE U.S. APPEARS EAGER TO GET A TREATY; ITS LEADERS HAVE MADE IT THE KEYSTONE OF U.S. POLICY TOWARD LATIN AMERICA. PRESIDENT CARTER WITH HIS EMPHASIS ON MORALITY IN FOREIGN AFFAIRS MAY BE MORE INCLINED TO SEE THE PANAMANIAN VIEWPOINT THAT PAST PRESIDENTS HAVE. SO A LITTLE PRESSURE ON THE AMERICANS WON'T HURT.

7. BASICALLY, HOWEVER, THE COURSE OF THE LAST ROUND WAS PROBABLY THE PRODUCT OF TORRIJOS' INDECISION. THE MAIN REASON BOYD WAS FIRED SEEMS TO HAVE BEEN HIS DETERMINATION TO TAKE THE BULL BY THE HORN AND NEGOTIATE IMMEDIATELY THE BEST TREATY HE COULD GET -- THIS RESULTED IN HIS FORCING TORRIJOS TOWARD DECISIONS HE WAS NOT READY TO MAKE. THE SIGNING OF A NEW TREATY WILL BE THE MOST IMPORTANT EVENT IN PANAMA'S HISTORY SINCE THE CANAL WAS OPENED. IT WOULD BE A TREMENDOUS CREDIT TO TORRIJOS IF HE SHOULD BE THE AGENT TO BRING THE HISTORIC EVENT TO PASS. AND YET TO DO SO WOULD BE A STEP INTO THE UNKNOWN. THERE IS A CERTAIN PERVERSE COMFORT IN LIVING WITH THE 1903 TREATY. IT IS A KNOWN EVIL AND A CONVENIENT WHIPPING BOY. TO SIGN A NEW TREATY WITH ITS UNMEASURABLE MIXTURE OF GOOD AND BAD REQUIRES A DIFFICULT ACT OF WILL.

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8. IN BRIEF, THEN, TORRIJOS ALMOST CERTAINLY WANTS A NEW TREATY; BUT HE DOESN'T YET KNOW WHETHER HE WANTS THE KIND OF TREATY WHICH IS CURRENTLY POSSIBLE. THE U.S. NEGOTIATORS ARE TRYING TO FIND OUT WHAT TORRIJOS' MINIMUM REQUIREMENTS ARE; BUT--ON MOST QUESTIONS, ANYWAY--TORRIJOS HIMSELF HAS NOT DEFINED THOSE REQUIREMENTS.

9. OUR JUDGEMENT IS THAT TORRIJOS IS TEMPORIZING, HESITATING ON THE EDGE OF A TOUGH DECISION. THAT DECISION--WHAT TO SIGN OR NOT TO SIGN--CAN BE PUT OFF FOR A WHILE LONGER. THE ODDS ARE LONG (BUT NOT OVERWHELMING) THAT TORRIJOS WILL DO NOTHING DELIBERATE IN THE NEXT FEW WEEKS TO SINK THE NEGOTIATIONS. UNFORTUNATELY, HOWEVER, HE IS QUITE CAPABLE OF ACTIONS, INTENDED AS INTERIM PRESSURE TACTICS ON THE U.S. WHICH IN OUR EYES WOULD BE SO OUTRAGEOUS AS TO MAKE FURTHER SERIOUS NEGOTIATION DIFFICULT.

10. WE ARE AT A CRITICAL POINT IN THE NEGOTIATIONS. OUR STRATEGY SHOULD BE TO CONTINUE TO NEGOTIATE THOSE ISSUES WHERE

PANAMA CAN BE PERSUADED TO NEGOTIATE. TI WILL REQUIRE PATIENCE, BUT WE SHOULD TRY TO NUDGE TORRIJOS ALONG THE PATH LEADING TO A TREATY WHICH SATISFIES OUR MINIMUM NEEDS. MOST OF TORRIJOS' ADVISERS ON TREATY MATTERS (ESCOBAR, AHUMADA, GONZALEZ REVILLA) ARE UNLIKELY TO BE COUNSELS OF MODERATION -- THOUGH ESCOBAR, IN PARTICULAR, CAN AT TIMES BE VERY HELPFUL. BUT THERE WILL BE STRONG PRESSURES FROM WITHIN PANAMA -- E.G. THE BUESINESS COMMUNITY, THE GOVERNMENT'S ECONOMIC TEAM -- WHICH WILL UNDOUBTEDLY PUSH FOR THE EARLY SIGNING OF A TREATY.

11. THUS, THE OUTLOOK IS FOR MORE FRUSTRATION, SLOW PROGRESS AND PERHAPS SOME SERIOUS SETBACKS. BUT IN OUR VIEW THE CHANCES ARE STILL GOOD FOR A MUTUALLY SATISFACTORY TREATY LATER THIS YEAR IF WE PUSH GENTLY, FIRMLY AND INTELLIGENTLY AHEAD.  
JORDEN

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